



United States
Department of
Agriculture

Office of the
Chief Financial
Officer

Associate Chief
Financial Officer -
Financial Operations

Washington D.C.
20250

OCFO BULLETIN

Bulletin: OCFO 06-02

Date: May 11, 2006

To: All Agencies

Subject: Procedures for Recording Reimbursable Activity Without Advances into the Foundation Financial Information System

PURPOSE

The purpose of this bulletin is to provide guidance to USDA agencies on how to record reimbursable agreements without advances into the Foundation Financial Information System (FFIS).

BACKGROUND

The Economy Act of 1932, as amended (31.U.S.C. 1535), authorizes the head of an agency to place orders for goods and services with another agency if (1) amounts are available; (2) the head of the ordering agency determines that it is in the best interest of the United States Government; (3) the agency to fill the order is able to provide or get by contract the ordered goods or services; and (4) the head of the agency decides ordered goods or services cannot be provided as conveniently or cheaply by a commercial enterprise. Transactions associated with these orders, also known as reimbursable transactions, should be recorded in compliance with the United States Standard General Ledger (USSGL).

This bulletin identifies Transaction Codes and Transaction Types (TC/TTs), within the FFIS Accounting Entries Definition Table (ACED), to record reimbursable activity where an advance is not received. All USDA FFIS agencies entering into these types of reimbursable agreements need to adhere to the guidelines presented in this bulletin.

POLICY

Only those USDA agencies that have obtained reimbursable budget authority from the Office of Management and Budget (OMB) may enter into reimbursable agreements. These agencies are considered the performing agency and may obligate, expend and bill the ordering agency for expenses incurred to perform a service. At minimum, the following events should be recorded in the performing agency's FFIS application:

- Request anticipated reimbursable authority from OMB.
- Receive approved apportionment from OMB.
- Receive reimbursable orders from customers and record unfilled customer orders.
- Allocate, sub-allocate and/or allot realized resources depending on agency budget structure.
- Commit/obligate/expend funds to provide the requested service.
- Bill customer when services have been rendered and reimbursement is earned.
- Collect earned reimbursement.

PROCEDURES

The following chart summarizes the TC/TTs and applicable debits and credits for recording reimbursable activity. It has been separated into three columns to distinguish transactions for agencies that utilize the Project Cost Accounting System (PCAS) versus those that use the Administrative Billings and Collections System (ABCO) or will direct enter bills and collections related to reimbursable activity. For clarification, the two latter options have the term “Non-PCAS” included in the column title.

	Description	PCAS TC/TT	Non-PCAS TC/TT (ABCO)	Non-PCAS TC/TT (Direct- enter)	Debits/Credits
1	Request anticipated reimbursable authority.	AA/RE (FCAT = R)	AA/WC (FCAT = W)	AA/RE (FCAT = R)	DR. 4210/ CR. 4450
2	Record approval of the Apportionment Request by OMB.	PA/NA	PA/NA	PA/NA	DR. 4450/ CR. 4590
3	Record Unfilled Customer Orders when the Reimbursable Agreement is signed.	RA/RC	SV/RA ¹	RA/RC ¹	DR. 4221/ CR. 4210
4	Record allocation of authority. A Budget Execution (BE) can also be used.	CA/RA	CA/RA	CA/RA	DR. 4590/ CR. 4540
5	Record sub-allocation of authority. A BE document can also be used.	AS/02	AS/02	AS/02	DR. 4540/ CR. 4560

¹ If agency is using ABCO, a self-reversing SV/RA should be processed quarterly for the obligated amount. For direct-entered activity, a RA/RC should be processed and the new BD and CR documents in Steps 9 & 10 will reduce unfilled customer orders.

	Description	PCAS TC/TT	Non-PCAS TC/TT (ABCO)	Non-PCAS TC/TT (Direct- enter)	Debits/Credits
6	Record allotment of authority. A BL (BE clone) document can also be used.	LA/RA or LA/01 or LA/02 ²	LA/RA or LA/01 or LA/02 ²	LA/RA or LA/01 or LA/02 ²	DR. 4590/ CR. 4610 or DR. 4540/ CR. 4610 or DR. 4560/ CR. 4610
7	Record obligation to fulfill a customer order.	MO/01	MO/01	MO/01	DR. 4610/ CR. 4801
8	Record expenditure of funds to cover reimbursable work (will automatically reverse obligation).	PV/01	PV/01	PV/01	DR. 6100/ CR. 2110 DR. 4610/ CR. 4901 ³
9	Bill customer for earned reimbursement.	BP/RC	A1 Posting (credits 4210 not 4221) ⁴	BD/RT ⁵	DR. 1312/ CR. 5200 DR. 4251/ CR. 4221
10	Collect earned reimbursement (will automatically reverse billing document).	LX/RC or C8/RC	A2 Posting (credits 4210 not 4221) ⁴	LX/RT or C8/RT	DR. 10XX ⁶ /CR. 5200 DR. 4252/ CR. 4221

² Use the appropriate document depending on the agency budget structure.

³ Automated Disbursements will reverse accounts 2110 and 4901 and re-post those balances to 1011 and 4902.

⁴ ABCO has its own logic and will automatically invoke a TC/TT for reimbursable activity. At this time, there are no plans to change the ABCO logic to include transactions that post to general ledger account 4221- unfilled customer orders.

⁵ The same agreement number entered on the RA/RC should be referenced on the BD document so that the agreement tables (CALT and CAHT) will get updated appropriately.

⁶ Depending on whether the collection is IPAC or Lockbox, a different cash account will be used. Lockbox (LX) will debit 1012 and IPAC (C8) will debit 1014. Once the appropriate collection document is processed, it will also reverse the general ledger impact of the billing document that preceded it via the FFIS document referencing logic.

YEAR-END IMPLICATIONS

Treasury guidance stipulates that all anticipated general ledger accounts have a zero balance at year-end. With the introduction of the PA/NA transaction, general ledger account 4590 (Apportionments Unavailable – Anticipated Resources) will need to have a zero balance prior to executing the final annual close. Failure to process the necessary transactions to reduce 4590 to zero will result in a fatal error during the FFIS Annual Close process. Determination of the 4590 adjustment amount should be incorporated in the agency's overall review of reimbursable activity at year-end. This review ensures that actual customer orders match anticipated resources.

All adjustments should be recorded with budget documents to ensure that both the budget and general ledger tables are updated appropriately. If the agency has over-anticipated, negative budget documents need to be processed from the lowest level first and then systemically at each higher level until the appropriation level has been reached. For illustration purposes, assume an agency has allocated and allotted anticipated appropriations that have been overstated. To adjust anticipated amounts to zero, the agency would process a negative allotment document (i.e. BL), a negative allocation document (i.e. BE), a negative apportionment document (i.e. bottom half of AA and then PA) and finally a negative appropriation document (i.e. top half of AA) with the appropriate dollar amount.

INQUIRIES

Questions concerning this bulletin should be directed to Lynn Moaney at (202) 720-1553 or Douglas Cheney at (202) 720-1168.

EFFECTIVE DATE

This bulletin is effective for FY 2006 activity.



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